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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 001032

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SUBJECT: TOUCHING ALL THE BASES: DAS BRYZA'S MEETINGS WITH PARLIAMENT, OPPOSITION, AND ENERGY EXPERTS

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Classified By: CDA R.V. Perina, reasons 1.4 (b,d)

¶1. (C) SUMMARY: Bryza's opposition party meetings pointed up the sharp contrast between the two, with Heritage on the upswing, and Orinats Yerkir seeming like a spent force. The parliament speaker, typically, delivered a windy oration of questionable relevance on Armenia's constitution. Bryza also discussed energy security with a small group of experts. END SUMMARY.

¶2. (C) PARLIAMENT SPEAKER: DAS Bryza called on National Assembly Chairman Tigran Torossian, who treated him to a typical Torossian elocution: many words of little content. This meeting was useful primarily for the public diplomacy value of being seen paying due courtesies to Armenia's nominally second-ranking public official and to the legislative branch. Torossian thanked Bryza for his warm words on significant improvements in the conduct of recent parliamentary elections, and pledged his own work to make electoral improvements. He reviewed changes from the 2005 constitutional amendments (many of which became effective only with the 2008 presidential election), such as the diminished powers of the president in relation to the cabinet and parliament, and increased independence and powers of the prime minister and judiciary. He pointed out, for example, that the president would no longer have the power to hire and fire prime ministers or to dissolve parliament at whim. Torossian fretted (crocodile tears, in our view) that the opposition is too weak and disunited to be effective, and this was a constraint on Armenia's democratic development. Torossian welcomed U.S. assistance to improve the training and competencies of legislators and staffers in parliament.

¶3. (C) THE UP AND COMING OPPOSITION: DAS Bryza also met with Heritage Party leader Raffi Hovhanessian. Though he mentioned his belief that votes had been stolen from his party during the National Assembly election, Hovhanessian said he and his party had decided not to get bogged down in recriminations and protests, but simply to move forward with the resources they had available and keep momentum going for the future. Hovhanessian projected confidence as he spoke with pride about Heritage's role in stalling the anti-Radio Liberty legislation introduced into the extraordinary session of parliament in July, viewing it as a useful demonstration that even a small parliamentary faction could, if diligent, bring a public spotlight to the legislative chamber and play a constructive role. He spoke

of his race for the majoritarian (single-member district) seat being re-run August 26, which would add one seat to his existing seven-seat faction. Hovhanessian said he was still weighing whether to make a run for the presidency in 2008, noting the constitutional complication that the GOAM had not officially granted him Armenian citizenship until 2000. (NOTE: Ten years of Armenian citizenship is a legal pre-requisite for the presidency. END NOTE.) He added that the courts had heretofore deferred to the president on citizenship questions, but there is a chance that either the president or Constitutional Court could acknowledge his much earlier qualification for citizenship.

14. (C) STATESMANLIKE POSE: In sharp contrast to most oppositionists meeting U.S. officials, Hovhanessian wanted to talk not just about party politics, but also about a wide range of foreign policy issues. He highlighted Turkey (as noted above), and commented that the most important ingredient to success in negotiations with either Turkey or Azerbaijan would be to have a president and a government with unquestionable democratic legitimacy, which he felt no Armenian government has had since the early years of President Levon Ter-Petrosian. He felt that Armenian leaders with real popular legitimacy would have much greater standing to negotiate tough issues, including staking out a more independent position from Russia. Hovhanessian thought Armenia should naturally align with the Euro-Atlantic community, and break the "vertical power" of the Russia-Armenia relationship. He felt that Russia had already been given far too many Armenian assets, and that this would be a burden on future governments for years to come.

15. (C) THE FADING OPPOSITION: Armenia's other parliamentary opposition party leader, former Parliamentary Speaker Artur Baghdassarian of Orinats Yerkir, was much more downbeat in his conversation with Bryza. Baghdassarian complained

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that the May elections had been much less free and fair than the international community suggested, and that the Armenian people keenly felt this disconnect. He spoke of the administrative resources that authorities had abused to influence the election outcome, such as pressuring teachers and public sector workers to vote for the ruling party. He said that election integrity will be the most important issue in the presidential election, but also noted that socio-economic problems are the biggest substantive concern among voters. He was pessimistic about chances for a unified opposition presidential candidate, and said the authorities have taken every opportunity to undermine this possibility. That said, he had put himself forward as a presidential candidate and hoped to attract wide opposition support.

16. (C) EX-ORINATS YERKIR ACTIVIST SPILLS DIRT: DAS Bryza later met separately with former Orinats Yerkir foreign policy adviser Tigran Mkrtchian, who recently defected very publicly from the party, along with the two leaders of OY's youth branch. Mkrtchian claimed that Orinats Yerkir was in significant disarray, with party cadres disaffected by Baghdassarian's high-handedness, corruption, and double-dealing. Party leaders were disgusted to find out Baghdassarian had tried to negotiate a secret deal with the government before the election, and offended by his autocratic ways. Mkrtchian related Baghdassarian's mendacity during spring 2007 visits to Washington and European capitals. For example, Baghdassarian told Bryza himself and an NSC official that he would urge Congress not to pass an inflammatory resolution on the Armenian "genocide," and then immediately proceeded to whip up pro-resolution fervor when meeting Congressman Radonovich. Most damagingly, Mkrtchian accused Baghdassarian of having sold high places on

the OY party list to unqualified individuals of no political standing or experience, and putting the money in his own pocket. Meanwhile, party stalwarts such as Mkrtchian himself were pushed far down the list to positions with no chance of winning seats. (COMMENT: Mkrtchian's protests to the contrary, this latter fact seems a more important explanation for Mkrtchian's deep disaffection than the other issues, which to be fair Mkrtchian probably finds genuinely offensive as well. END COMMENT)

¶7. (C) ENERGY SECURITY: Bryza also presided over a small energy roundtable, featuring Deputy Energy Minister Areg Galstyan, and two energy specialists under USAID contract, one Armenian and one American. The group was joined by CDA, DCM, and Pol/Econ chief. Galstyan spoke proudly of a newly enacted cabinet decision to support a promising new biomass energy initiative, an area which Bryza mentioned was garnering great interest in Washington. Discussion turned to Armenia's more conventional energy alternatives and the need to replace the Metsamor Nuclear Power Plant's capacity. Galstyan hoped that a new nuclear plant could be designed and built by the Metsamor target decommissioning date of 2016. He hoped that, with the worldwide resurgence in nuclear power interest as a carbon-free energy source, major international donors and the IFIs would lift current prohibitions on financing nuclear plants. On Iran, Galstyan described the long-planned project now underway to extend the new Iranian-Armenian natural gas pipeline up into Armenia's central Ararat Valley, where it can be delivered to the primary Hrazdan thermal plant for electricity production. The pipeline extension is due to be completed in mid-2009. He also mentioned the seasonal electricity barter arrangement Armenia has with Iran, which helps both sides meet peak demand cheaply. Projects to build joint hydropower plants and perhaps even an oil refinery along Armenia's Iranian border remain in early stages. DAS Bryza reiterated U.S. sanctions concerns about developing Iranian energy infrastructure, especially if the investment delivered Iranian energy exports to third countries.

¶8. (U) DAS Bryza has cleared on this cable.
PERINA